



Apcotex Industries Limited

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

VERSION HISTORY:

Version	Adopted / Amended by	Date of Approval / Amendment
1	Board of Directors	October 31, 2014
2	Board of Directors	July 27, 2022
3	Board of Directors	January 28, 2025

1. OBJECTIVE:

The Board of Directors of **Apcotex Industries Limited** (the “Company”), has adopted this **“POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS”** (“Policy”) to ensure compliance of the applicable provisions of the Companies Act, 2013 & Rules made thereunder (“the Act”), Indian Accounting Standard (IND AS) 24 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“Listing Regulations”), as amended or re-enacted from time to time and which relate to the identification of the Related Parties and governance & approval of the Related Party Transactions, wherever required.

2. DEFINITIONS:

“Act” means Companies Act, 2013 read with rules framed thereunder, as amended from time to time.

“Arm’s Length Transactions” shall mean transaction between the Company and the related party(ies) that is conducted as if they were unrelated, so that there is no conflict of interest, and such a price charged for the transaction to a related party(ies) that has in no case been influenced by such relationship or are done at an open market price.

“Audit Committee or Committee” means Audit Committee of Board of Directors of the Company constituted under the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and other applicable laws as amended from time to time.

“Board” means the Board of Directors of the Company.

“Material Related Party Transaction” shall mean a transaction to be entered into with and between Related Parties, individually or taken together with previous transactions during a financial year, exceeding the threshold of:

- 5% of the annual consolidated turnover of the Company as per its last audited financial statements, in case of transactions involving payments made with respect to brand usage or royalty, or
- Rs. 1000 Crores or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower, in case of any other transaction(s).

“Material Modifications” means any subsequent change to an existing Related Party Transaction, having a variance exceeding 20% of the existing limit or Rs. 10 crores, whichever is lower.

“Policy” means Policy on Related Party Transactions.

“Related Party” is a person or an entity which is:

- (i) a related party under Section 2(76) of the Companies Act, 2013;
- (ii) a related party under the applicable Indian / applicable Accounting Standards;
- (iii) a related party under Regulation 2(1)(zb) of the SEBI (LODR) Regulations, 2015 and rules thereunder.

“Related Party Transaction” means:

- (i) a transaction between the Company and a related party which is of the nature specified in sub-clause (a) to (g) of Section 188(1) of the Companies Act, 2013; and
- (ii) a transaction involving transfer of resources, services or obligations, regardless of whether a price is charged, between parties as specified under Regulation 2(1)(zc) of SEBI (LODR) Regulations, 2015;

Provided that the following shall not be a related party transaction:

- A. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- B. the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - (i) payment of dividend;
 - (ii) subdivision or consolidation of securities;
 - (iii) issuance of securities by way of a rights issue or a bonus issue; and
 - (iv) buy-back of securities.

For the purpose of the above, a Related Party Transaction shall include a single transaction or a group of transactions in a contract, with a Related Party.

“Relative” means relative as defined under Section 2(77) of the Companies Act, 2013 and rules prescribed thereunder.

3. IDENTIFICATION AND REVIEW OF POTENTIAL RELATED PARTY TRANSACTIONS:

- (a) Each Director, Key Managerial Personnel and Senior management Personnel as defined in the Nomination and Remuneration Policy of the Company is responsible for providing the notice to the Audit Committee / Board of potential related party

transaction whenever wishes to enter into a related party transactions with the Company involving either him/her or his/her relative, along with all relevant details and documents. The Company Secretary and Chief Financial Officer are authorized to determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

- (b) Notice of any related party transactions, referred above shall be given well in advance to the Audit Committee/Board so that they would have adequate time to review the proposed transaction, additional information or documents about the proposed related party transactions, if necessary, which is required to be placed before the Audit Committee to enable it to approve the said transactions.

4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

All related party transactions and subsequent material modifications to the transactions shall require prior approval of the Audit Committee. Only the members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through Special Resolution, wherein no Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

Related Party Transactions will be referred to the prior scheduled meeting of Audit Committee / Board Meeting for review and approval.

While assessing a proposal put up before the Audit Committee for approval, the Committee shall review the necessary documents and seek the necessary information from the management to determine if the transaction is in the ordinary course of business and at arm's length or not.

In determining whether to approve a Related Party Transaction(s), following factors, inter alia, shall be considered:

- a) The name of the Related Party and nature of relationship;
- b) the nature, duration of the contract and particulars of the contract or arrangement;
- c) the material terms of the contract or arrangement including the value, if any;
- d) any advance paid or received for the contract or arrangement, if any;
- e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- g) any other information relevant or important for the Board to take a decision on the proposed transaction.

All **Material** Related Party Transaction/s and subsequent material modifications shall be approved by shareholders of the Company. The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 shall contain the following particulars, namely:

- a) name of the related party;
- b) name of the director or key managerial personnel who is related, if any;
- c) nature of relationship;
- d) nature, material terms, monetary value and particulars of the contract or arrangement;
- e) any other information relevant or important for the members to take a decision on the proposed resolution.

5. OMNIBUS APPROVAL FOR RELATED PARTY TRANSACTIONS ON ANNUAL BASIS:

All related party transactions shall require approval of the Audit Committee and the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company or its subsidiary, subject to the following conditions, namely:

1. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:
 - a) maximum value of the transactions, ***in aggregate***, which can be allowed under the omnibus route in a year;
 - b) the maximum value ***per transaction*** which can be allowed;
 - c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - d) review at least on a quarterly basis, related party transaction entered into by the Company or its subsidiary, pursuant to each of the omnibus approval made.
 - e) transactions which cannot be subject to the omnibus approval by the Audit Committee.
2. The Audit Committee shall consider the repetitiveness of the transactions (in past or in future) and justification for the need of omnibus approval, while specifying the criteria for making omnibus approval.
3. The omnibus approval shall contain or indicate the following:
 - a) name of the related parties;
 - b) nature and duration of the transaction;
 - c) maximum amount of transaction that can be entered into;
 - d) the indicative base price or current contracted price and the formula for variation in the price, if any; and
 - e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

4. Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
5. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
6. The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
7. The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as may be specified by the stock exchanges or under Listing Regulations and publish the same on its website.

6. RATIFICATION OF RELATED PARTY TRANSACTIONS:

The members of the Audit Committee, who are Independent Directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed Rupees One Crore;

(ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;

(iii) rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;

(iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of Listing Regulations;

Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any Director, or is authorised by any other Director, the Director(s) concerned shall indemnify the Company against any loss incurred by the Company.

7. DISCLOSURE:

1. The Company shall maintain a register pursuant to Section 189 of the Act and enter therein the particulars of all the Related Party Transactions with a Related Party.
2. Disclosures as appropriate concerning the Related Party Transactions and/or Material Related Party Transactions shall be made in the Annual Report of the Company including its Financial Statements, on the website of the Company and also to the Stock Exchanges where equity shares of the Company are listed and to such other authority as may be prescribed from time to time.

8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

9. AMENDMENT:

1. This Policy shall be reviewed by the Board of Directors time to time, as and when necessary and updated accordingly.
2. Dealing with Related Party Transactions shall be in accordance with the Companies Act, 2013 and the applicable Rules thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable Indian Accounting Standards and other applicable provisions for the time being in force.
3. In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall mutatis mutandis apply to /prevail upon this Policy.